

- fracking activities are decided case by case, with the addition of a mandatory involvement of NFR Management function and subject to deep fracking only
- complies with UN / EU sanctions or embargos

5.3.1.2 Oil Sand / Tar sand

No project related to oil sand / tar sand shall be financed.

5.3.1.3 Coal

Erste Group has a very restrictive approach concerning projects related to coal (as a fossil fuel). In order to reduce CO2 emissions and to comply with the various international climate agreements (e.g. COP21, Paris Agreement) a strict categorization is set. This divides coal related projects and transactions into eligible and non-eligible to financing.

The main aspect is whether the deal leads to any improvement or at least to the preservation of the environment. This includes deals which target to implement physical (e.g. better security system against accidents or violent attacks etc.), efficiency increase (more efficient turbines, transformers etc.) or environmental safety measures (e.g. more efficient filters etc.) related to the energy production. In conclusion, the transactions are categorized into:

- 1. Non-Eligible** *⇒ Großteil der Kohleindustrie somit weiterhin nicht ausgeschlossen. Transport, Maintenance etc. werden nicht berücksichtigt.*
 - a) "Mountain top removal" due to mining activities
 - b) Project / acquisition financing of new or extended mining of hard coal and lignite, support activities of mining and quarrying
 - c) Project finance of new coal-fired power plants unless they are replacing old, less efficient capacities and are vital for the stability of the electricity supply in the country/region which will be treated as environmental upgrades of existing power plants. In any case, new coal-fired power plants (incl. replacements) shall lead to a reduction in absolute GHG emissions and to a reduction in carbon intensity. *Wirden trotzdem viel zu lange am Netz sein → inakzeptabel!*
 - d) Financing of traders of coal as commodity on national and international commodity exchange markets (having more than 1/3 of business turnover from coal trading) *→ Prinzipiell gut; aber abgeschwächt durch 2f).*

2. Eligible

- Industries linked to Coal mining (e.g. "equipment industry" – Manufacture of machinery for mining and quarrying which can be used for other than coal as well); except for companies having most of business (higher than 50% of total business revenues) in coal mining equipment
- Investments that would increase the safety and environmental standards for the existing coal power plants with reduced or at least the same total CO2 emissions (e.g. electricity/heat co-generation); taking also into consideration if the project replaces other less efficient plants. See table 1 for carbon intensity thresholds. *Effizienzsteigerungen ändern nichts an der Unvereinbarkeit von Kohle & Klimaschutz. Lieber in erneuerbare Energien investieren!*
- Machinery, spare parts for existing coal power plants (e.g. transformers, boilers, turbo-generators etc.) including trade and export finance *→ verlängert erneut die Laufzeit, nicht klimakompatibel*
- Coal-related activities when used in different industries (e.g. steel production, pharmaceuticals, coke oven products etc.). *max 10 Mio t Kohle*
- Transportation of coal *Firmen ausschließen, deren Umsatz zu ≥ 20% aus der Kohlebranche kommt oder wenn die Kohlefirma Expansionen betreibt.*
- ~~Coal trading (i.e. Buying and Selling), including trade finance connected with imports and exports of coal (e.g. letters of credit, guarantees)~~